



# Arizona State Retirement System

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## Fact Sheet

Questions?

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### **FURLOUGHS AND SALARY REDUCTIONS**

The following information relates to how the ASRS will treat employer-mandated furloughs with respect to the ASRS Defined Benefit Plan.

1. If a furlough results in no contributions for all of the pay periods in a single calendar month:
  - a. The member will receive no service credit for that month.
  - b. The member can purchase that month as approved leave of absence pursuant to A.R.S. § 38-744.
  - c. When calculating the member's retirement benefit, and in accordance with A.R.S. § 38-711(5), the ASRS will not include the furloughed month in calculating the member's benefit. That is, the highest 36 months will not include that month.
2. If the member has reduced work hours or days in one or more pay periods but does have compensation in at least one pay period in a month:
  - a. The ASRS will give the member service credit for that month.
  - b. When calculating the member's retirement benefit, the ASRS will include that month in the calculation which may result in the highest 36 months being a lower total compensation, or a different 36-month period being the highest 36-month period.
3. If the member is already working less than full time:
  - a. The above rules will apply.
  - b. If the reduction in hours prevents the member from having at least 20 weeks of at least 20 hours in the fiscal year, the member will continue making contributions through June 30, but will not be allowed to contribute as an active member and will not receive service credit beginning at the start of the new fiscal year (July 1, 2010). If the member later returns to active status, the member will be able to purchase the time as Other Public Service under A.R.S. § 38-743.
  - c. The member should check with the employer's HR department to determine if any other benefits will be lost as a result of the reduction in hours.
  - d. If a member working 20 hours a week is furloughed one day every two weeks, the member may still have 26 weeks of 20 hours in the fiscal year and 26 weeks of 16 hours after the furlough begins. That member remains active and required to contribute. That member will earn service credit but at a reduced salary.